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Federal Communications Commission
Office of Secretary

William F. Caton
Secretary
Federal Communications Commission
1919 M Street, N.W.
Washington, D.C. 20554

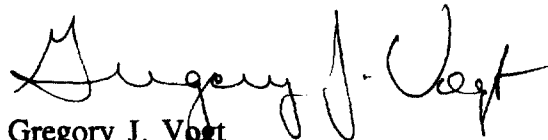
Re: Ex Parte Presentation in CC Docket No. 96-98

Dear Mr. Caton:

The original and one copy of this ex parte notice and two copies of the attachment are submitted pursuant to Section 1.1206(a) of the Commission's rules. Today, representatives of Pacific Telesis Group, Marlin D. Ard and Alan Ciamporcero, met with Regina Keeney, A. Richard Metzger, Jr., Gregory Rosston, Larry Atlas, Paul Gallant, and Katherine Schroder concerning the above-captioned proceeding. During that meeting, Pactel made a presentation containing the positions it has previously placed in the record in this proceeding. I have enclosed a written summary of that part of the presentation that has not previously been part of the record.

Please let me know if you have any questions.

Sincerely,



Gregory J. Vogt
Counsel for Pacific Telesis Group

GJV/nab

cc(w/enc.): Regina Keeney
A. Richard Metzger, Jr.
Gregory Rosston
Larry Atlas
Paul Gallant
Katherine Schroder

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Pactel Interim Access Charge Proposal

- As a legal matter Section 251 does not permit carriers to purchase network elements for interexchange services, thereby bypassing access charges.
 - "Virtual unbundling" would not be allowed whereby an IXC would simply receive access through a complete set of unbundled network elements, leading only to a repricing of access and avoidance of resale pricing.
 - In order to qualify for network element pricing, the carrier would have to combine the network element with its own facilities that it uses to provide exchange and exchange access services to others.
- Until access charge and universal service reforms are achieved, Pactel is willing to accede to a compromise which can reduce the amount of charges for interconnection that a carrier pays for interstate access, but will not produce ruinous financial results to Pactel that will ultimately injure customers.
- If the interexchange carrier becomes the local exchange provider by "winning the customer," access charges would not apply for traffic originated from or terminated to that customer. The IXC wins the customer if the IXC:
 - provides the loop to the customer, either itself or from a LEC-provided network element,
 - bills the customer for local exchange service, and
 - provides at least switching through its own facilities.
- Carriers that provide local service to customers through their own switches, purchasing LEC loops and transport as network elements, would pay
 - for the loop,
 - + TSLRIC plus reasonable joint and common costs,
 - + subscriber line charge, and
 - + average CCL (approximately \$1.20 per month).
 - collocation charges for terminating the loop in the LEC central office, including the cross connect element,
 - for transport, at TSLRIC plus reasonable joint and common costs,

- nothing for switching since the carrier is providing its own,
 - access charges, including switching, to the extent that they terminate toll calls on another LEC network (including Pactel's), and
 - local termination charges to the extent that they terminate local traffic on another LEC network (including Pactel's).
- No double billing occurs because no element of the network is billed twice:
 - Switched access charges only apply to the traffic terminating on LEC facilities to LEC customers.
 - + Even though IXC has its own switch, the LEC must still process the call to its customer over its own switch in order to route the call properly.
 - CCL is billed only once.
 - Originating traffic is not billed access charges, but rather is charged at network element pricing.
 - Interconnecting IXC would receive all revenues from local usage, toll billed to customer, access charges received from other carriers who terminate toll traffic on IXC loops and local termination charges from other carriers who terminate local traffic on the IXC customer's loop.
 - An alternative way to handle CCL charges until access reform is complete would be to bulk bill the CCL charge to IXCs. If this alternative is used, the average, per customer CCL charge would not be paid separately by the IXC as outlined above.
 - Once the access reform and universal service proceedings are completed, the legal distinctions between, and the potential for arbitrage between, interconnection for local exchange services under Section 251 and access charges for interexchange services will be less important.